

COMMENTARY ON CC DOCKET No. 02-6

Application Process

Paragraph 21:

I recommend that wireless technologies and services be included as eligible services.

Paragraph 22:

Voice mail should also be included as eligible services. Voice mail that is used as a way for the public to communicate to library staff as well as that used to communicate to the public about library services, should be eligible for e-rate discounts.

Review of Requests Including Eligible and Non-Eligible Services

Paragraph 26:

I do not understand how changing the 30% benchmark would affect the Administrator's costs. I recommend that the applicant identify, and provide documentation for, the percentage of eligible and ineligible services when they are bundled together and that the applicant apply for discounts only for the eligible portion.

Compliance with the Americans with Disabilities Act

Paragraph 29:

Libraries are already required to comply with the Americans with Disabilities Act. To require a certification process to ensure the discounted services would be used in compliance with these acts, may place an added and unnecessary burden on applicants.

Choice of Payment Method

Paragraph 34:

I strongly agree that the rules should specify that service providers must offer applicants the choice of payment method. In our case, our telecommunications service provider (SBC/Pacific Bell) does not offer a choice. In fact, SBC/Pacific Bell does not follow either procedure specified by the Administrator, that is: 1) the school or library pays the non-discount portion of the service and the service provider is reimbursed, or 2) the school or library pays bills in full and is reimbursed through the BEAR form. In our case, the billed entity pays the bills in full. After an unknown period of time (often months later or in the following funding year), SBC/Pacific Bell issues periodic credits to the invoices. Because neither the applicant nor the billed entity has any input in the payment process nor information as to when and how the credits will be applied, this practice may be subject to misuse by the service provider. The service provider has no incentive to ensure discounts are properly applied nor does it have incentives to apply the credits in a timely fashion.

Paragraph 35:

In order to improve program operation and prevent fraud and abuse, the disbursement process should be changed so that:

1. The applicant has the authority to choose the payment method.
2. If the applicant chooses to pay the non-discounted portion of the cost of services, each monthly invoice to the billed entity should reflect the approved discounted and the non-discounted amounts for that month and payment should be requested only on the non-discounted amount.
3. If the applicant chooses to pay in full and file the BEAR form, the Fund Administrator should issue payment directly to the applicant. The payment should not be issued to the service provider, for the reasons stated above. Payment should not necessarily be sent to the billed entity: in most government jurisdictions, such payments are credited to the general fund and are never received by the library to use in the way the law intends the funds to be used. I suggest that in the event the billed entity and the applicant are two different bodies, the applicant and billed entity should indicate on form 472 to whom payment should be issued, whether to the applicant or the billed entity.

Unused Funds

Paragraph 65:

It seems that if only 82% and 71% of committed funds were disbursed in year 1 and 2 respectively, this is an indication that 1) service providers are not pursuing the discounts on behalf of their school and library customers; 2) schools and libraries are choosing not to diligently pursue the discounts when the funds are not directly received by the school or library; and 3) the application and payment processes are so complicated and out of the applicant's control that the burden outweighs the benefits of the program. Authorizing applicants to have more control and oversight over the payment methods and procedures and simplifying the procedures would lower the amount of funds that are unused. Transferring the authority from the service provider to the applicant would prevent waste, fraud and abuse.

Treatment of Unused Funds

Paragraph 70:

I strongly recommend against the first option, that unused funds be credited to the contributors through reductions in the contribution factor: First, this would be such a miniscule amount to be credited to individual contributors that it would make very little difference to those individuals. Second, the funds would be paid to and the authority to apply those credits to contributors would be given to the service provider. Giving service providers this authority can lead to fraud and abuse. For example, the recent revelation that AT&T Corp. is billing residential customers 11.5% for the universal connectivity charge even though the FCC requires only a 6.8% contribution, leaving a 4.7% revenue for AT&T is evidence that service providers can abuse the program. Third, contributors have contributed funds with the intent that those funds be used for technologies and connectivity that will benefit them, through their schools and libraries. If the funds are not used for the purposes for which the program is intended, the loss is to the contributors.

The second option, to distribute the unused funds in subsequent years of the program, is the only fair and equitable distribution method. Since the authority to carry forward the funds to subsequent years is already established, extending that authority to the distribution of those funds for the program rather than for other uses, keeps within the spirit of the program and benefits contributors by providing them with access to technologies they may not be able to afford on their own.